

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>IN RE:</b>	)	
	)	
<b>EMERALD CASINO, INC.,</b>	)	<b>Chapter 11</b>
	)	<b>Case No. 02 B 22977</b>
<b>Debtor.</b>	)	<b>Chief Judge Eugene R. Wedoff</b>

**SPECIAL COUNSEL FOR THE DEBTOR’S FINAL STATUS REPORT**

In this report, Special Counsel to the Debtor, the Clifford Law Office, appointed by this Court on May 12, 2005 to defend the Debtor’s interest in the Administrative proceeding which sought to revoke Emerald’s gaming license, and general Chapter 11 counsel to the Debtor, Kirkland & Ellis LLP, discuss developments which have occurred in the past thirty (30) days with respect to: (i) Emerald’s Appeal of the Illinois Gaming Board’s (“IGB”) December 20, 2005 Final Order revoking Emerald’s gaming license; and (ii) the Appeal of the IGB’s February 21, 2007 Resolution renewing Emerald’s license for a four-year period, subject to revocation proceedings.

**I. Emerald’s Appeal of the IGB’s Final Order**

As this Court is aware, on December 20, 2005 the IGB issued a Final Order of Revocation (“Revocation Order”) with respect to Emerald’s gaming license. On January 18, 2006 Emerald filed a timely petition for Administrative Review of the Revocation Order. Emerald Casino v. Illinois Gaming Board, No. 4-06-0051 (Illinois Fourth District Court of Appeals) (the “Revocation Appeal”) on May 30, 2007 the Fourth District Court of Appeals (the “Fourth District”) entered an Order affirming, in part, the IGB’s Revocation Order. On August 1, 2007, Emerald filed a Petition for Leave to Appeal the Fourth District’s Order with the Illinois Supreme Court. Emerald Casino v. Illinois Gaming Board, No. 104812

(Illinois Supreme Court). On November 29, 2007 the Illinois Supreme Court denied Emerald's Petition for Leave to Appeal which further provided that the mandate of the Illinois Supreme Court will issue on January 4, 2008. (Exhibit "A").

## **II. The IGB's February 21, 2007 Resolution**

On February 21, 2007, the IGB adopted a Resolution (the "February 21, 2007 Resolution") pursuant to the January 29, 2007 Order of the Cook County Court, which renewed Emerald's license for a four-year period, subject to Revocation Proceedings. On February 27, 2007, the Village of Rosemont filed a motion before the Cook County Circuit Court seeking an Order compelling the IGB to comply with a mandate and the Cook County Court's January 29, 2007 Order and requesting a Rule to Show Cause as to why the IGB should not be held in contempt of the mandate and Order. Emerald partially joined the motion and the IGB filed a brief in opposition to the motion. On April 6, 2007 the Cook County Court entered an Order denying the motion holding that the IGB complied with the mandate. Rosemont filed a Notice of Appeal to the First District, and Emerald joined Rosemont's Appeal on April 12, 2007. *Emerald Casino, Inc. v. Illinois Gaming Board*, 01-07-0881. On November 26, 2007 the First District Appellate Court issued an Opinion affirming the Trial Court's denial of Plaintiff's Motion to Compel Compliance with the mandate and further affirming the Trial Court's Denial of the Motion for Rule to Show Cause. (Exhibit "B").

## **III. Conclusion**

Special Counsel has carefully reviewed these opinions and considered these matters and believes there are no further steps that will be profitable to the Estate to take with respect to these proceedings, and has no plans to take any further action in connection with them, but

will make available all documents and materials in its possession as this Court may hereinafter direct.

Notwithstanding its decision with respect to the above-described cases, the Debtor is reviewing the remaining legal options at its disposal including the promissory estoppel litigation currently pending in two courts: the Illinois First District Appellate Court and the Illinois Court of Claims (described in prior status reports, including the report filed on November 13, 2007). General bankruptcy counsel to the Debtor shall file a further status report in the event that there are any further significant developments prior to the next scheduled status conference on January 23, 2008.

Dated: December 20, 2007  
Chicago, Illinois

Respectfully submitted,

/s/ Erik W. Chalut

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